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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

ORACLE USA, INC., a Colorado corporation;
ORACLE AMERICA, INC., A Delaware
corporation; and ORACLE INTERNATIONAL
CORPORATION, a California corporation,

Plaintiffs,

v.

RIMINI STREET, INC., a Nevada corporation;
AND SETH RAVIN, an individual,

Defendants.

Case No. 2:10-cv-0106-LRH-PAL

**JOINT REQUEST FOR CASE
MANAGEMENT CONFERENCE**

PUBLIC REDACTED VERSION

Pursuant to Civil Local Rule 16-2, Plaintiffs Oracle USA, Inc., Oracle America, Inc., and Oracle International Corp. (collectively, "Oracle"), and Defendants Rimini Street, Inc. and Seth Ravin (collectively, "Rimini") jointly submit this request for a Case Management Conference ("CMC") in either Las Vegas or Reno either before this Court or before Magistrate Judge Leen in Las Vegas at the earliest available opportunity for the purpose of discussing the scope of trial.

Pursuant to the Court's August 13, 2014 Order, the parties must submit a joint pre-trial motion on October 14, 2014. Dkt. 474. However, the parties have a fundamental disagreement over the scope of the issues to be decided and evidence to be presented. This disagreement affects the parties' pre-trial submission, the dates for trial, and whether the Court will allow further discovery prior to trial. Accordingly, the parties seek the Court's guidance in advance of the October 14 pre-trial motion deadline.

DISPUTED ISSUES

Issue 1: The Impact of Changes to Rimini's Support Model on the Evidence that May be Presented at Trial.

Oracle's Position:

In January 2014, Oracle requested a CMC to discuss trial scheduling, and the Court denied the request, noting that "there is still a second motion for summary judgment pending before the court." Dkt. 474 at 28. The Court also stated that after it ruled on Oracle's second summary judgment motion, "the parties will be required to submit a proposed joint pre-trial order in accordance with Local Rules 16-3 and 16-4," and that if disagreements arose between the parties in connection with the pretrial motion, the Court could schedule a CMC to address such issues. *Id.* The Court has since issued its ruling on the second motion for summary judgment, and as noted, the parties have a fundamental disagreement over the scope of the trial that affects their pre-trial submissions, necessitating the present request for a CMC.

The Court's Extensive Findings of Infringement. Fact discovery in this case closed in December 2011. In the 20-month discovery period, Oracle conducted extensive discovery regarding Rimini's pre-December 2011 conduct. In 2012, Oracle filed two summary judgment motions based on that conduct. Dkts. 237, 405. In February and August 2014, the Court granted in part those motions, (1) finding that Rimini had infringed Oracle's PeopleSoft and Database product lines, and that Oracle had proved its prima facie infringement case as to the Siebel and JD Edwards product lines, (2) finding against Rimini on several of its affirmative defenses, and (3) dismissing Rimini's remaining counterclaims.

The Court's first summary judgment ruling made two key findings regarding Rimini's infringement of Oracle's PeopleSoft software. First, the Court found that Rimini committed copyright infringement by copying software environments onto its systems when the software was required to reside at the customer's facilities. *E.g.*, Dkt. 474 at 12:2-4 ("Rimini's copying of the copyrighted software on its company systems is also a use outside the scope of" the customer license). Second, the Court found that Rimini committed copyright infringement by using one

customer's software environment for the support of Rimini's other customers. *Id.* at 13:7-12 ("[I]t is undisputed that the development environments associated with the City of Flint were not used solely for the City of Flint's internal data processing operations. Instead, the development environments were used to develop and test software updates for the City of Flint and other Rimini customers with similar software licenses. . . . Therefore, the court finds that Rimini's copying of the copyrighted software is outside the scope of" the customer license."). The Court reiterated that finding again in its second summary judgment order holding that Rimini infringed Oracle's Database software. Dkt. 476 at 18-25 ("Section C authorizes use of the software only for the licensee's 'internal business operations,'" but "it is undisputed that Rimini used Oracle Database to create updates for all clients using a particular version of a copyrighted software program."). The Court's second summary judgment ruling – in dismissing Rimini's defamation counterclaim – also found that it was true that Rimini had committed massive theft of Oracle's intellectual property. Dkts. 474, 476. The Court also ordered the parties to file a joint pre-trial motion by October 14, 2014, in which the parties are to propose a trial date and describe the issues to be decided at trial. Dkt. 476; Civil Local R. 16-3.

Rimini's Suspect Claim of a New Non-Infringing Support Model. During the parties' discussion of pretrial issues, Rimini indicated its intent to vastly expand the scope of the issues to be tried beyond those that were the subject of the 20 months of extensive discovery already completed. Rimini now proclaims that in 2014 – two years after the close of fact discovery – it cleaned up its infringing business model with a new support process. Rimini has communicated its supposed new development process to Oracle's customers and the market generally as a way to diffuse the impact of the Court's recent rulings.¹ Before this week, Rimini had produced a handful of documents generally describing how its alleged new support process operates. Two days ago, Rimini produced over 100,000 documents concerning its alleged new support model

¹ See http://www.theregister.co.uk/2014/08/15/rimini_business_as_usual_oracle_defamation_judgment/ (after the Court's August 13, 2014 Order, Rimini claimed that the Court's findings of infringement "relate to processes and Oracle software no longer in use at Rimini Street").

1 and says more is to come.

2 Rimini's statements and the documents Rimini produced before this week raise
3 significant suspicions that Rimini's "new" support model involves all the same infringing acts as
4 the "old" support model that the Court has already ruled was copyright infringement. For
5 example, a provisional patent application about Rimini's new support model states that: [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED] Declaration of Nitin Jindal in Support of Joint Request for Case
9 Management Conference ("Jindal Decl."), Ex. A at RSI06806791-92. In addition, it does not
10 appear that Rimini has fixed anything by adopting a "remote" service model. Flow charts
11 concerning Rimini's new support model suggest Rimini continues to use copies of PeopleSoft
12 software not located on the customer's facilities and which were then cross-used to develop
13 updates given to multiple customers – the exact conduct that was subject of this Court's Order.
14 Dkt. 474. The only apparent difference between the "new" and the "old" does not appear to be a
15 change in the development process, but that Rimini's conduct takes place in the cloud, i.e., on
16 servers owned by Amazon web services or Windstream. But Amazon and Windstream's servers
17 still are not the customers' facilities, and cross-using the software is still infringement no matter
18 where that happens.

19 ***Extensive Discovery Would Be Required to Test Rimini's Claim of a Non-Infringing***
20 ***Business Model.*** In a sense, Rimini's position is a repeat of what happened at the start of this
21 case: Initially, Rimini adamantly denied that it misused Oracle's copyrighted software. Rimini
22 claimed in its Answer, in its communications with customers, and in a press release, that "each
23 client is assigned a separate data 'silo' where Oracle Software and Support Materials for only
24 that client are maintained." Dkt. 153 (Answer) at 3; *see also* March 29, 2010 Rimini Press
25 Release (available at <http://www.riministreet.com/news/press-releases/03292010>); Jindal Decl.,
26 Ex. B at RSI02125339 (August 4, 2009 Rimini statement to customer telling it that Rimini "is
27 precluded from [providing the customer with] any updates from other clients because Oracle's
28 license terms prohibit the use in such fashion").

1 After 20 months of discovery during which the parties deposed over 50 witnesses,
 2 produced documents from over 100 custodians, exchanged hundreds of pages of written
 3 discovery, conducted significant forensic analysis, and spent thousands on hours of expert
 4 analysis,² Oracle eventually proved that Rimini's story was false, as the Court found in its
 5 February 13, 2014 Order granting in part Oracle's first summary judgment motion. The Court
 6 found it was "undisputed" that Rimini did not "silo" its customers' software, but instead used
 7 software it obtained from certain customers to "develop and test software updates for . . . other
 8 Rimini customers with similar software licenses." Dkt. 474 at 12.³

9 Rimini now repeats the claim it made about its old process – that Rimini's "improved
 10 development processes" do "not copy any Oracle software from one customer to another."
 11 Oracle does not believe Rimini's new representations any more than it believed the old, but has
 12 not had the opportunity to rebut or disprove them via the extensive additional discovery and
 13 expert analysis that would be required. Moreover, the discovery and expert analysis that would
 14 be necessary for Oracle to test Rimini's assertions about its new support model would be
 15 extensive and is incompatible with a prompt trial in this case, which has already been pending
 16 for four and a half years.

17 Given the massive effort it took to uncover Rimini's prior false statements during fact
 18 discovery, and the strong indications that Rimini's false statements continue, Rimini's claim that
 19 a few depositions are sufficient for Oracle to explore Rimini's new support model should not be

20 _____
 21 ² One of Oracle's technical experts, Dr. Randall Davis of MIT, analyzed software code and other
 22 information produced by Rimini in fact discovery to draft an expert report that catalogued
 23 Rimini's massive cross-use of Oracle's software in violation (as the Court has ruled) of license
 restrictions providing that each customer's software is licensed only for the internal business
 operations of that particular customer.

24 ³ Similarly, in a prior ruling in March of 2013, the Court found that despite Rimini's repeated
 25 assertions in its pleadings that a co-mingled software library "never existed" at Rimini, Rimini
 26 was later forced to admit to maintaining such a co-mingled software library. Dkt. 466 at 6, 17.
 27 The Court also found that Rimini intentionally deleted this software library well after Rimini was
 on notice of potential litigation and aware that the co-mingled software library was potentially
 relevant evidence. *Id.* at 17. The Court sanctioned Rimini for destroying this evidence two
 months before it filed its Answer denying that the library existed.

1 credited. With six months to a year of intensive discovery, Oracle is confident it could show that
2 Rimini's new support process is old wine in a new bottle and every bit as infringing as the old
3 process.⁴ But actually being able to prove this would require numerous custodian productions,
4 multiple depositions, and significant data analysis. For example, Oracle would need access to
5 Rimini's DevTrak database that records the steps in Rimini's fix development process; the
6 patches delivered to customers under the new process to perform code comparisons and other
7 analysis; logs of Rimini activity accessing customer remote environments to show that software
8 updates were not developed on a customer by customer basis; and emails and instant messages
9 from the personnel on Rimini's development team, which previously belied Rimini's false story
10 to the Court about how its "old" development process worked; as well as other categories of
11 data. Once this data is obtained, Oracle would need time to analyze it, depose relevant
12 witnesses, and prepare updated expert reports.

13 On September 15, 2014 – just before this filing and less than a month before the pretrial
14 filing deadline – Rimini produced over 100,000 documents related to its purported new
15 development process. Rimini says it will dump more documents on Oracle, and that it will seek
16 to introduce this evidence at trial. During meet and confer, Rimini says its document and data
17 dump is not a problem because Oracle and the Court should agree to delay trial and related
18 pretrial deadlines even further to accommodate this additional discovery – a convenient position
19 for a defendant that, of course, does not want to go to trial at all. And if Rimini is permitted to
20 introduce evidence of that conduct at trial, Oracle would first need to conduct significant
21 additional discovery in order to be prepared to challenge at trial Rimini's contentions that it is no
22 longer infringing. That discovery would take a significant amount of time to complete, at
23 substantial expense, and would result in an unnecessary delay of trial.

24 ***Trial Should Be Limited to Rimini's Old Support Model.*** Throughout this case

25 ⁴ Completing discovery during this time would require Rimini to provide Oracle with relevant
26 discovery faster than it has to date. For example, it has been over 7 months since Oracle began
27 discussing updating discovery with Rimini, and Rimini still has not provided Oracle with an
28 accurate list of customers Rimini has gained since the close of discovery.

1 Magistrate Judge Leen has emphasized that “the objective of the Court is to get a manageable
2 case to trial in a manageable period of time.” May 17, 2011 Tr. at 14:11-13. “The parties may
3 have future disputes, but there’s got to be some time in which the pleadings in this case close so
4 that this case can be presented to the trier of fact and a reasonable resolution reached.” *Id.* at
5 14:13-17. “What I’m trying to do is tie up loose ends so that we absolutely have an end to fact
6 discovery.” Jan. 24, 2012 at 6:7-8. Magistrate Leen made these comments partially in the
7 context of Oracle attempting to bring new claims (which she denied). They apply equally three
8 years later as Rimini tries to introduce new defenses.

9 The Court should limit the trial to Rimini’s old support model so that the parties can
10 efficiently proceed to trial, as the new support model Rimini adopted in 2014 is the exact type of
11 “future dispute” Magistrate Leen decided should not further delay this case. Contrary to
12 Rimini’s claim, Rimini’s new support process is not relevant to liability or damages in a trial on
13 Rimini’s “old” infringing support model.⁵ First, as an accommodation to make clear that
14 Rimini’s “new” support model is irrelevant, Oracle is willing not to claim damages at the
15 upcoming trial for the period after February 13, 2014, the date of the Court’s first summary
16 judgment order, and the date Rimini claims it began to implement its alleged new support model.
17 Instead, consistent with Magistrate Leen’s prior ruling, Oracle is willing to stipulate with Rimini
18 that any damages related to Rimini’s continued infringement after that date would be sought in a
19 separate lawsuit.⁶

20 Second, Rimini’s new support model is also not relevant to the opinions of Rimini’s
21 damages expert, Scott Hampton. Most of Hampton’s opinions relate to Oracle’s lost profits and
22 infringer’s profits damages claims, i.e., the damages amounts that have nothing to do with the
23 time frame in which Rimini used its new development process. Hampton does have an ancillary

24 ⁵ Some subset of this discovery may be necessary after trial so the Court can fashion appropriate
25 injunctive relief.

26 ⁶ Similarly, after Magistrate Leen’s ruling, the parties stipulated that “claims relating to
27 Defendants’ use of Oracle’s E-Business software and their support of customers on Oracle
28 Database are outside the scope of this action.” Dkt. 230.

1 opinion that Oracle's hypothetical license damages should be limited to the amount Rimini
 2 supposedly could have spent on additional resources so that it could "operate in a non-accused
 3 manner," which he opines is \$7.6 million (Rimini's so-called "avoided labor costs").⁷ Jindal
 4 Decl., Ex. C ¶¶ 163-168. He claims this represents the "value of use" of Oracle's copyrighted
 5 software, which he says is a valid measure of damages under *Polar Bear Productions, Inc. v.*
 6 *Timex Corporation*, 384 F.3d 700 (9th. 2004).

7 A "value of use" measure of copyright damages must approximate "the amount a willing
 8 buyer would have been reasonably required to pay a willing seller [in a hypothetical negotiation]
 9 at the time of infringement for the actual use made by [the infringer] of the plaintiff's work."
 10 *Oracle v. SAP AG*, __ F.3d __, No. 12-16944, 2014 WL 4251570, at *3 (9th Cir. Aug. 29, 2014)
 11 (emphasis supplied); *Wall Data Ins. v. L.A. Cnty. Sheriff's Dep't*, 447 F.3d 769, 786 (9th Cir.
 12 2006); see also *Oracle America, Inc. v. Google Inc.*, 847 F. Supp. 2d 1178, 1182 (N.D. Cal.
 13 2012). This hypothetical negotiation focuses on the expectations of the parties at the time of *first*
 14 infringement. *Mackie v. Rieser*, 296 F.3d 909, 917 (9th Cir. 2002); *Oracle America*, 847 F.
 15 Supp. 2d at 1182.

16 Hampton's opinion is not admissible, in part, because no copyright case has held that
 17 avoided labor costs are a proper measure of the "value of use." Indeed, there is no "value of use"
 18 damage measure, avoided labor costs or otherwise, that differs from a hypothetical negotiation,
 19 and Hampton explicitly states that his "value of use measure" did not represent "what a willing
 20 buyer and a willing seller would have agreed" to in a "hypothetical negotiation." Jindal Decl.,
 21 Ex. D (Hampton Depo.) at 55:8-14. Copyright law further establishes that Rimini cannot ignore
 22 reality and limit damages based on a self-serving claim that it would not have infringed in the
 23 first place because it supposedly would have pursued a cheaper non-infringing alternative.

24 Damages must be assessed on Rimini's decision to infringe.⁸ *Deltak, Inc. v. Advanced Sys. Inc.*,

25 ⁷ Hampton's "avoided labor costs" calculation includes, besides just employee salaries, the
 26 purported costs of renting office space and related overhead expenses.

27 ⁸ Rimini "is wrong as a matter of law to claim that reasonable royalty damages are capped at the
 28 cost of implementing the cheapest available, acceptable, non-infringing alternative." *Mars, Inc.*

(Footnote Continued on Next Page.)

767 F.2d 357, 363 n.4 (7th Cir. 1985) (“[T]he fact that [defendant] could have acted [] in ways other than the way it did act illegally should not be used by it as a reason to defeat recovery of damages caused by the illegal way in which it did act.”).

But even if Hampton’s opinions were admissible (they are not), Rimini’s new development process still would not be relevant to Hampton’s opinion. Rimini states that it began using its new support model in 2014, which was after Hampton wrote his report (March 30, 2012) and after he was deposed (May 25, 2012). That is why Hampton’s report never refers to it – it did not exist at the time to form a basis for his opinions.

Third, as a legal matter, events that happen years after the fact cannot be teleported back in time to support a value of use calculation. The hypothetical negotiation focuses on the expectations of the parties at the time of *first* infringement. *Mackie v. Rieser*, 296 F.3d 909, 917 (9th Cir. 2002); *Oracle America*, 847 F. Supp. 2d at 1182; *LaserDynamics, Inc. v. Quanta Computer Inc.*, 694 F.3d 51, 75 (Fed. Cir. 2012) (reversing damages award based on the wrong hypothetical negotiation date); *Jarvis v. K2, Inc.*, 486 F.3d 526, 535 n.9 (9th Cir. 2007) (finding emphasis on “post-infringement damages rather than the pre-infringement fair market value” to be “legally defective”); *Boston Scientific Corp. v. Cordis Corp.*, 777 F. Supp. 2d 783, 795 (D. Del. 2011) (excluding hypothetical license damages testimony based on the wrong negotiation

(Footnote Continued from Previous Page.)

v. Coin Acceptors, Inc., 527 F. 3d 1359, 1373 (Fed. Cir. 2008), *recalled on other grounds*, 557 F.3d 1377 (Fed. Cir. 2009); *Gaylord v. U.S.*, 678 F.3d 1339, 1343 (Fed. Cir. 2012) (holding that it is “incorrect in a hypothetical negotiation inquiry . . . to limit [the] analysis to only one side of the negotiating table” and rejecting damage award based solely on the infringer’s perspective); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 1555 (Fed. Cir. 1995) (“What an infringer would prefer to pay is not the test for damages.”).

This makes sense because the licensor in the negotiation may expect to suffer losses that far exceed what the infringer claims he should pay. For example, if granting Rimini a license would cause Oracle to lose over \$100 million in profits, but Rimini claims the license is only worth \$5 million to it, a \$5 million license would not compensate Oracle for its actual damage, and Oracle as a “willing licensor” would not rationally accept \$5 million. The law does not expect otherwise. *See* 4 Nimmer on Copyright § 14.01 (2012) (“actual damages . . . compensate the copyright owner for [its] losses from the infringement”); *Oracle*, 2014 WL 4251570, at *5 (“Fair market value in a voluntary licensing transaction between arms-length parties ordinarily lies somewhere between the two poles of cost to the seller and the benefit to the buyer.”).

1 date). Rimini's conduct in 2014 is eight years after Rimini's first infringement in 2006, making
2 it entirely irrelevant to Hampton's opinions or any measure of damages in this case. For
3 example, documents Rimini has produced to date indicate that Rimini's new support process
4 involves committing the copyright infringement on servers owned by Amazon Web Services or
5 Windstream, cloud-based services that were not available years ago when Rimini started its
6 infringing business model, along with use of other technologies and know-how that simply did
7 not exist when Rimini first started infringing eight years earlier.

8 Rimini notes, correctly, that remote support in the time period prior to 2012 was a subject
9 of discovery. Indeed, the evidence shows that, several years after Rimini began infringing in
10 2006, Rimini experimented with remote support. To the extent remote support is relevant at
11 trial, evidence about Rimini's experience with it during the discovery period meets any need for
12 Rimini's defense. Rimini may prefer to tell the jury about what supposedly happened in 2014
13 rather than in years past because the evidence unearthed in discovery shows that Rimini
14 engineers fought tooth and nail against using remote support more broadly because of
15 innumerable technical, logistical and customer-service issues. For example, in 2009, a Rimini
16 engineer wrote that it was "insane and defies our business model to offer to support remote
17 environments." Jindal Decl., Ex. E (Depo. Ex. 517). And in response to "problems with remote
18 environments," a Rimini senior executive also wrote in 2009 that, "We have instructed the Sales
19 team to push as hard as possible back on any Prospects that want to consider remote and are
20 trying to take it away completely as an option." Jindal Dec., Ex. F (Depo Ex. 544).

21 To the extent remote support is relevant at all, the developed record about Rimini's
22 remote support experience during the discovery in this case, already subject to document and
23 data productions and tested by to expert analysis, is far closer in time and thus far more probative
24 of what negotiations in 2006 would have yielded that Rimini's supposedly new process allegedly
25 implemented in 2014.

26 Moreover, even if there were some marginal theory of Rimini's new support model's
27 relevance, that would require a massive sideshow into the nature of the new process, whether or
28 not it is lawful, and whether or not it was possible to implement years earlier. There is no good

1 reason to delay this case further to allow the extensive discovery required for a fair trial of that
2 unnecessary sideshow, if it were tried at all. Further, if pretrial deadlines and trial were delayed
3 to conduct discovery into Rimini's claimed new development process, and Oracle proves that
4 this "new" process is a sham that continues to infringe, Rimini could announce on the eve of the
5 postponed trial that it has supposedly cleaned up its business model – starting the cycle all over
6 again. By contrast, if the trial is properly limited to issues covered by the existing record, trial
7 can proceed expeditiously.

8
9 **Rimini's Position:**

10 The parties dispute the impact of Rimini's implementation of a non-infringing remote
11 service model on the scope of supplemental discovery they have already completed and are
12 presently conducting, as well as the evidence that will be permitted at trial. Because evidence
13 relating to Rimini's non-infringing remote service model is unquestionably relevant to disputed
14 issues already before the Court, the parties should continue with their focused supplemental
15 discovery regarding Rimini's remote service model so this evidence may be properly considered
16 at trial.

17 ***Rimini's Remote Service Model Has Always Been Within the Scope of this Litigation.***

18 Oracle's assertion that the idea of remote service model is somehow new is simply wrong. Even
19 before this litigation began, Rimini provided support to certain of its clients using a "remote
20 service model." During fact discovery, Oracle gathered extensive evidence relating to Rimini
21 Street's remote service model in document requests, interrogatories, and depositions.

22 Further, evidence relating to the implementation of a non-infringing remote service
23 model alternative is and has been an integral part of the damage analysis contained in the long-
24 filed reports of both parties' experts. As is typical in intellectual property infringement cases, the
25 parties conducted extensive discovery on non-infringing alternatives to the challenged practices.
26 Notably, Oracle admitted during fact discovery that a remote service model, such as
27 implemented by one of Rimini's competitors, *does not* give rise to the infringement issues raised
28 in the present suit. Dykal Decl., Ex. A (Oracle's Supplemental Response to Rimini's

Interrogatory No. 35 (February 10, 2012)). Oracle even took the deposition of Rimini's head of software development to understand the manner by which Rimini would implement a non-infringing remote service model. Dykal Decl., Ex. B (Excerpt from Benge Deposition Transcript).

Rimini Street Implements Non-Infringing Remote Service Model for All Clients. In its February 2014 order on Oracle's first partial motion for summary judgment, the Court found Rimini was not permitted to maintain certain copies of Oracle's PeopleSoft software on Rimini's own servers. (*See* Dkts. 474 and 476.) In response to the Court's ruling, Rimini rapidly conformed its practices, migrating all of its clients to a non-infringing "remote service model." Rimini's remote service model does not infringe because (a) copies of Oracle software only reside on clients' server facilities and (b) Rimini Street does not copy any Oracle software to Rimini Street's servers or between customers. Rimini's support professionals now provide software support only by *remotely* accessing Oracle software maintained by each Rimini client on that client's own systems, and using improved development processes that do not copy any Oracle software from one customer to another.

As noted above, evidence of a non-infringing alternative has been in this case from the outset. The non-infringing alternative will provide direct evidence of (1) the cessation of Rimini's infringement, and (2) the costs associated with implementing a non-infringing alternative, a well-recognized objective measure of damages in intellectual property cases.

Applicable Law Supports the Relevance of Non-Infringing Alternatives. By statute, "The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement . . ." 17 U.S.C. § 504(b). "Actual damages are usually determined by the loss in the *fair market value* of the copyright, measured by the profits lost due to the infringement or by the value of the use of the copyrighted work to the infringer.'" *Polar Bear Productions, Inc. v. Timex, Corp.*, 384 F. 3d 700, 708 (9th Cir. 2004) (emphasis added) citing

1 *McRoberts Software, Inc. v. Media 100, Inc.*, 329 F.3d 557, 566 (7th Cir.2003).⁹

2 “Fair market value in a voluntary licensing transaction between arms-length parties
3 ordinarily lies somewhere between the two poles of cost to the seller and the benefit to the buyer.
4 That is, the seller will not ordinarily charge less for a license than its anticipated cost, and the
5 buyer will not ordinarily pay more for a license than its anticipated benefit.” *Oracle v. SAP AG*,
6 __ F.3d __, No. 12-16944, 2014 WL 4251570, at *5 (9th Cir. Aug. 29, 2014).

7 Case law regarding patent infringement damages is helpful to an understanding of
8 infringement damages for the fair market value of use.¹⁰ Damages for infringement, including
9 the fair market value of use, must take into account alternative actions the infringer foreseeably
10 would have undertaken had he not infringed. “Without the infringing product, a rational would-
11 be infringer is likely to offer an acceptable noninfringing alternative, if available, to compete
12 with the patent owner rather than leave the market altogether.” *Grain Processing Corp. v.*
13 *American Maize-Products, Co.*, 185 F.2d 1341, 1350-51 (Fed. Cir. 1999).¹¹

14 Logically, an infringer will turn to the least expensive non-infringing alternative rather
15 than infringe. Damages for fair market value of use are thus capped at the cost of the non-
16 infringing alternative. *Grain Processing Corp. v. Am. Maize-Prods. Co.*, 185 F.3d 1341, 1347
17 (Fed. Cir. 1999) (noting the district court’s conclusion that a patent infringer would not pay more
18

19 ⁹ See also *Mackie v. Rieser*, 296 F.3d 909, 914 (9th Cir. 2002) (approving of recovery of
20 reasonable license fee).

21 ¹⁰ 4 Melville B. Nimmer & David Nimmer, NIMMER ON COPYRIGHT § 14.02[B][1] at 14-22
(Matthew Bender Rev. Ed. 2014) (noting the similarities between a reasonable royalty
22 measurement of patent infringement damages and the value of use measurement of copyright
infringement damages).

23 ¹¹ Citing *inter alia*, ROBERT P. MERGES, PATENT LAW 1080 (2d Ed.1997) (“[T]he
24 infringer should have a chance to argue what he or she might have done in the absence of
infringement. Obviously, if the defendant is not permitted to present evidence of this ilk, the
25 analysis is quite skewed: only the patentee’s ‘best case’ scenario is presented, rather than a more
realistic scenario.”); JOHN W. SCHLICHER, PATENT LAW: LEGAL AND ECONOMIC
26 PRINCIPLES § 9.05[2][I] (1997) (“unless the law wishes to systematically overreward patented
27 inventions, it is necessary to inquire about the nature and value of the product that the infringer
could have made had he not infringed.”).

1 for a hypothetical license than the cost to instead produce a non-infringing alternative).

2 ***Evidence of Rimini's Non-Infringing Remote Support Model is Relevant to this Case.***

3 Given the above authority, Rimini's remote, non-infringing alternative model is clearly relevant
4 to the present litigation.

5 First, evidence of the remote service model points to the end of both the infringing
6 conduct and Oracle's alleged damages. Oracle's proposal to cut-off damages effective in early
7 2014 tells only half the story. The jury is entitled to know *why* Oracle's damages terminated in
8 addition to *when*. The fact that Rimini ceased using processes immediately after the Court found
9 that such processes were infringing and completed implementation of its non-infringing remote
10 model is directly relevant to *why* Oracle is not entitled to damages after Rimini ceased using the
11 processes found to be infringing.

12 Second, the evidence of a non-infringing alternative is and has been an integral part of the
13 damage analysis contained in the long-filed reports of both parties' experts. When considering a
14 hypothetical license, it is well settled that an accused infringer would not pay more for a
15 hypothetical license than the cost to instead produce a non-infringing alternative. *Wall Data Inc.*
16 *v. L.A. Cnty. Sheriff's Dep't*, 447 F.3d 769, 786 (9th Cir. 2006). That is, if Oracle would have
17 licensed its copyrighted works to Rimini for \$10 million but it would have only cost Rimini \$5
18 million to implement a non-infringing alternative, Rimini (or any other rational market
19 participant, for that matter) would have chosen the less expensive non-infringing alternative.

20 By this example, the value of Rimini's use of Oracle's copyrighted works is therefore \$5
21 million, because at that price, Rimini would not have needed the license. *See Polar Bear*, 384
22 F.3d at 708; *Jarvis v. K2, Inc.*, 486 F.3d 526, 533 (9th Cir. 2007) quoting *Frank Music Corp. v.*
23 *Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 512 (9th Cir. 1985).

24 Applying this established rule, Rimini's damages expert considered the cost of fully
25 implementing a non-infringing remote model (as compared to Rimini's then-existing model) and
26 concluded that the fair market value of the hypothetical license in this case is not more than the
27 cost of implementing the non-infringing, remote alternative. Because Rimini's actual
28 implementation of the remote service model demonstrates both the technical and financial

feasibility of the remote service model, admission of this evidence will promote a full and fair resolution of the issue at trial. *See Oracle*, 2014 WL 4251570, at *5 (affirming district court’s finding that Oracle’s claim for hypothetical license damages evidence was too speculative; reversing jury award). Were this evidence excluded, the jury’s consideration of this alternative would be impermissibly hampered.¹²

In short, evidence of the cost of a non-infringing alternative is proper and necessary when considering a hypothetical license. Now that Rimini has fully implemented a non-infringing alternative model, Rimini submits that the parties should continue with targeted supplemental discovery regarding Rimini’s remote service model to allow the parties a fair opportunity to present evidence to the jury regarding this model.

Rimini’s Non-Infringing Remote Support Model Alternative was Always Available. In *Grain Processing*, the Federal Circuit found a non-infringing alternative was “available” when the infringer had all of the necessary equipment, know-how, and experience to make the substitution at that time of infringement. *Grain Processing*, 185 F.3d at 1354. While Rimini’s full implementation of the improved non-infringing “remote service model” occurred after and in response to the Court’s February 13, 2014 Opinion, the underlying concept of remote software support is not new and Rimini had the necessary equipment, know-how and experience to implement the non-infringing alternative at the onset of the infringement. *Id.* Thus, the non-infringing alternative was available and the parties conducted extensive discovery regarding this remote model during fact discovery.

Disputes about Rimini’s factual claims that the remote service model was an available, non-infringing alternative should be disposed of by the jury, and not based on Oracle’s

¹² *Jarvis*, 486 F.3d at 534 (upholding damages award because “the district court properly based its calculations on objective considerations of market value,” including the infringer’s financial perspective); *Grain Processing*, 185 F.3d at 1351 (“[A]n accurate reconstruction of the hypothetical ‘but for’ market takes into account any alternatives available to the infringer.”); *see also* Robert P. Merges, *Patent Law* 1080 (2d Ed. 1997) (“[T]he infringer should have a chance to argue what he or she might have done in the absence of infringement. Obviously, if the defendant is not permitted to present evidence of this ilk, the analysis is quite skewed: only the patentee’s ‘best case’ scenario is presented, rather than a more realistic scenario.”).

1 conjecture. In any event, Oracle’s assertions about Rimini’s non-infringing remote service
2 model are incorrect:

- 3 • Rimini does not require the use of “cloud” providers such as Amazon or Windstream as
4 Oracle asserts. Rimini’s clients, not Rimini, choose where to deploy their Oracle
5 software, and certain clients choose to have their software stored on popular cloud
6 providers, such as Amazon and Windstream.
- 7 • No Oracle software used to support Oracle clients resides on Rimini owned or controlled
8 servers. Rimini is provided access by its clients as a remote user to its client’s servers,
9 and Rimini Street does not copy any Oracle software to its own servers or between
10 clients.
11

12 ***Supplemental Discovery on Rimini’s Remote Support Model is Necessary, Timely and Will***
13 ***Not Create Undue Pre-Trial Delay.*** Discovery in this case long ago confirmed that Rimini has
14 always serviced a portion of its clients using a remote service model, and Rimini’s expert
15 witnesses concluded that Rimini could convert to a non-infringing remote model with only
16 modest additional costs. In contrast, Oracle’s experts challenged the technical and financial
17 feasibility of supporting all Rimini clients by implementing a non-infringing remote service
18 model. As a consequence, the parties’ technical and damage experts opined at length on the
19 technical and financial feasibility of implementing a non-infringing remote model as a part of the
20 damage issues in this case.

21 For example, in her January 17, 2012 report, Oracle’s damages expert opined that,
22 Oracle’s actual damages are most appropriately measured by Rimini Street’s “Value of Use” of
23 the Copyrighted Software and Support Materials. Dykal Decl., Ex. C (Dean Report, p. 29, ¶44)
24 Then, confirming the viability of a non-infringing remote service model by relying on Oracle’s
25 own technical expert, Oracle’s own damages expert, Ms. Dean, stated:

26 If the third-party provider wants to provide support for a customer who no
27 longer has access rights to Oracle’s updated support services and materials
28 at a level “comparable” or “superior” to support provided by Oracle at
50% of Oracle’s prices, it would require the third-party support provider to

1 either have a license to Oracle's intellectual property or *invest a*
 2 *significant amounts [sic] of time and resources.*

3 Dykal Decl., Ex. D (Dean Report, p. 148-49, ¶293) (emphasis added, internal citations omitted)

4 In responding to Ms. Dean's report on March 30, 2012, Rimini's expert criticized Ms.
 5 Dean's failure to consider non-infringing alternatives by observing that,

6 **Ms. Dean failed to consider Rimini Street's alternatives to**
 7 **infringement.** She assumed, without bases or support, that but for its
 8 alleged infringement of Oracle's copyrighted works and other alleged
 9 wrongful acts, Rimini Street could not legally provide support services,
 10 which is not the case.

11 Dykal Decl., Ex. E (Hampton Report, p. 43, ¶70) (emphasis added).

12 Rimini's damages expert, Mr. Hampton, then went on to put non-infringing alternatives squarely
 13 in issue, stating:

14 Based on my conversations with Rimini Street's management and Rimini
 15 Street's technical expert, Mr. Brooks Hilliard, and my examination of
 16 Rimini Street's financial records, in my opinion Rimini Street was
 17 financially capable of providing support services to its clients without
 18 allegedly infringing Oracle's copyrighted works. **It is my understanding**
 19 **that Rimini Street can avoid liability by not hosting accused**
 20 **computer environments on its own computers;** by not using crawlers to
 21 download Oracle files; and by not sharing fixes, patches, and tax and
 22 regulatory updates among its customers. I understand that Oracle's license
 23 agreements allow licensees' to access and use the copyrighted works. It is
 24 also my understanding that infringement does not occur if third-party
 25 support consultants access Oracle's copyrighted works through the
 26 licensees' computer environment. **I understand that third-party**
 27 **support consultants, including Rimini Street, can remotely access**
 28 **Oracle's software without infringement,** as long as the access is
 through the licensee's computer system. . . . Dykal Decl., Ex. F (Hampton
 Report, p. 44, ¶73) (emphasis added).

23 The appropriate value-of-use metric to calculate Rimini Street's unjust
 24 enrichment is the amount Rimini Street reduced its labor costs through
 25 efficiencies it gained by its alleged infringement of Oracle's copyrighted
 26 works, and other alleged wrongful acts. Dykal Decl., Ex. G (Hampton
 27 Report, p. 88, ¶163) (quoting Ms. Dean's report, pp. 148-49).

28 **The additional investment of time and resources that Rimini Street**
would have needed to invest to avoid the wrongful acts claimed by
Oracle is the correct measure of Rimini Street's use of the copyrighted

1 **works.** Dykal Decl., Ex. G (Hampton Report, p. 88, ¶164) (emphasis
2 added).

3 In other words, Rimini Street's value of use is the sum of labor costs it
4 avoided by allegedly infringing Oracle's copyrighted works. Avoided cost is
5 the correct and most fitting measure of damages because Rimini Street
6 would have attracted its support customers without its alleged wrongful
7 actions. Dykal Decl., Ex. G (Hampton Report, p. 88, ¶165) (internal
8 citations omitted).

9 Based on conversations with Rimini Street's management and its technical
10 expert, Mr. Hilliard, and on my examination of Rimini Street's expected
11 and actual operating results, in my opinion, **Rimini Street was financially**
12 **capable of operating in a non-infringing remote-only manner without**
13 **infringing Oracle's copyrighted works.** Dykal Decl., Ex. H (Hampton
14 Report, p. 89, ¶166) (internal citations omitted) (emphasis added).

15 Thus, contrary to the picture Oracle paints, there is no doubt that the issue of a non-
16 infringing remote service alternative and its relevance to Oracle's "value of use" damages theory
17 was a central issue during the discovery phase of this case.

18 ***Oracle Demanded and Received Evidence on Rimini's Non-Infringing Remote Service***
19 ***Model, and Now Wants to Exclude It From Evidence.*** Immediately after the Court's February
20 13, 2014 Opinion granting in part Oracle's motion for partial summary judgment, Oracle
21 demanded supplemental discovery. As part of supplemental discovery agreed to by the parties
22 and ongoing since that time, Rimini Street has produced evidence responsive to Oracle's
23 demands for information regarding Rimini's remote processes. For instance, Oracle requested
24 (and Rimini produced) the software underlying the remote access framework and other technical
25 specifications describing its development process. After reviewing these disclosures, Oracle
26 requested and has received extensive additional data from Rimini's system specific to Rimini's
27 implementation of the non-infringing remote service model Dykal Decl., Ex. I (*See*, March 14,
28 2014 Letter from Howard to Reckers). Rimini also agreed to Oracle's demand to provide the
29 employee serving as its development lead for a Rule 30(b)(6) deposition regarding the remote
30 service model. Rimini is also willing to make other Rimini technical personnel available for
31 depositions. The discovery Oracle has requested – including the evidence already received -

affords Oracle a complete picture of the technical details of Rimini's remote service model.

As Rimini has already produced responsive supplemental discovery, the remaining discovery needed on the remote model is limited and, accordingly, will be complete in a relatively short period of time with minimal, if any, delay to the pre-trial preparations.

Supplemental discovery delay is warranted and reasonable given the importance of the remote service model to the existing damages issues in the case, as well as in the context of the broader dispute between the parties regarding the legality of Rimini's business model.

Oracle's procedural and substantive challenges to such evidence lack merit, and Rimini respectfully submits that the parties should continue to exchange supplemental discovery regarding Rimini's implementation of a non-infringing remote service model. Therefore, Rimini should be permitted to present evidence at trial showing that the noninfringing remote model discussed hypothetically in Rimini's expert reports has been implemented by Rimini *in fact*. Challenges to the credibility of that assertion should be resolved by the jury, not by Oracle's unfounded and incorrect assertions.

Issue 2: Rimini's Request for Supplemental Discovery Regarding Oracle's Suit Against CedarCrestone.

Rimini's Position:

Rimini requests limited supplemental discovery regarding Oracle's suit and settlement with CedarCrestone, a Rimini and Oracle competitor that provided similar services to those offered by Rimini Street for the PeopleSoft products at here. During discovery, Rimini pointed to CedarCrestone as an alternative third-party support provider for Oracle products, and both Oracle and Rimini noticed and conducted a deposition of CedarCrestone. In that deposition, the parties exploring the services provided by CedarCrestone and the legal basis under which those services were provided. Further, CedarCrestone was referenced by the parties in their summary judgment briefing, as well as in the parties' expert reports.

Oracle Sued and Settled with CedarCrestone Over Its Alternative Maintenance Offering After Discovery Closed in this Litigation. After the close of discovery, Oracle filed a

Complaint against CedarCrestone in the Northern District of California, alleging infringement of the same Oracle copyrights at issue here.¹³ Mirroring Oracle's allegations against Rimini, Oracle's Complaint alleged that CedarCrestone illegally made and maintained copies of Oracle's PeopleSoft software on CedarCrestone's own servers and that CedarCrestone committed acts of infringement when developing updates to the PeopleSoft software. Though CedarCrestone initially denied Oracle's allegations, the parties filed a Stipulated Dismissal with Prejudice on August 13, 2013 after reaching a settlement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].¹⁴

Rimini is Entitled to Production of the CedarCrestone Settlement Agreement as Supplemental Discovery. Rimini has requested supplemental discovery on the settlement of the CedarCrestone litigation, but Oracle has refused on the grounds that the settlement agreement is "confidential" and "fact discovery closed long ago."¹⁵ Oracle's objection rings hollow and is self-serving. Oracle selectively agreed to produce the "Settlement Affidavit" with the recantment of CedarCrestone's sworn testimony that is favorable to Oracle. At the same time, Oracle refuses to disclose other information relating to the settlement that could provide Rimini and the Court all the facts surrounding the settlement agreement. Oracle should have timely produced all CedarCrestone-related documentation in accordance with its duty to supplement discovery responses.¹⁶

¹³ *Oracle America, Inc., et al vs. CedarCrestone, Inc.*, Case No. 12-cv-04626-NC (N.D. Cal., filed September 5, 2012) (hereinafter "*Oracle v. CedarCrestone*").

¹⁴ Dykal Decl., Ex. J August 13, 2013 [REDACTED].

¹⁵ Dykal Decl., Ex. K July 24, 2014 letter from Mr. Hixson to Mr. Reckers.

¹⁶ Fed. R. Civ. P. 26(e). The information was requested during discovery and Oracle is under a duty to supplement. *See* Dykal Decl., Ex. L Rimini's Second Set of Requests for Production of Documents to Plaintiffs (May 13, 2010) at Nos. 21 ("All documents relating to the purchase or transfer of any rights to the copyrighted work at issue in this litigation, including

(Footnote Continued on Next Page.)

1 The settlement agreement is discoverable to test Oracle's assertions of relevance, if
2 nothing else. Oracle's refusal to produce this relevant CedarCrestone evidence is nothing more
3 than gamesmanship: Oracle seeks to reduce the sting of adverse evidence through the untimely
4 production of a settlement-coerced, self-serving affidavit that attempts to controvert sworn
5 testimony, while thwarting Rimini's effort to obtain impeachment evidence. Oracle's recent
6 attempt at selectively supplementing post-discovery materials relating to CedarCrestone (*i.e.*, by
7 disclosing the [REDACTED] but not the settlement agreement) is clearly an attempt to use Rule 26
8 as a "loophole" for its own advantage, which is not permitted. *Luke v. Family Care and Urgent*
9 *Medical Clinics*, 323 Fed. Appx. 496, 2009 WL 886350, *3 (9th Cir. 2009). Allowing Oracle to
10 use such materials, but denying Rimini the opportunity to explore their basis, would be unfair
11 and highly prejudicial.

12 Rimini therefore asks for limited additional discovery to allow inquiry into Oracle's
13 settlement with CedarCrestone and regarding the reasons for CedarCrestone's decision to recant
14 its sworn deposition testimony.

15 In addition it is well-settled that settlement agreements in intellectual property cases are
16 relevant to determining the amount of damages owed for infringement. *E.g.*, *ResQNet.com, Inc.*
17 *v. Lansa, Inc.*, 594 F.3d 860, 872 (Fed. Cir. 2010) ("This court observes as well that the most
18 reliable license in this record arose out of litigation."). The legal support for Oracle's argument
19 is simply outdated. Note that Oracle's case citations are all to District Court or Federal Circuit
20 opinions that pre-date the Federal Circuit's opinion in *ResQNet.com, Inc. v. Lansa, Inc.*

21 _____
22 (Footnote Continued from Previous Page.)

23 without limitation any transfer agreements, contracts, payments, receipts, or licensing
24 agreements."); 23 ("All documents relating to any legal or administrative proceedings
25 concerning any of the copyrighted works at issue in this litigation, including without limitation,
26 documents, pleadings, deposition transcripts, hearing transcripts, orders, settlement documents,
27 written discovery, expert reports, declarations, any supporting papers and documents offered or
28 admitted in such proceedings."); and 24 ("All documents relating to any interest that any person
has in any of the copyrighted works or the present litigation and any communications between
Oracle and any such person.").

1 In light of *ResQNet*, the Cedarcrestone settlement agreement and related materials are
 2 undoubtedly discoverable. Oracle's allegations against CedarCrestone closely mirrored its
 3 claims against Rimini, alleging infringement of the same copyrights by offering similar services.
 4 On these facts, Oracle cannot credibly deny that the CedarCrestone settlement is at least
 5 probative of what Rimini might owe for any alleged infringement, and numerous courts have
 6 required discovery regarding settlement agreements in circumstances similar to the present.
 7 Indeed, any damages award is likely to be too speculative were this information not admitted.¹⁷

8 ***The Court Should Re-Open Discovery to Allow Rimini to Take Depositions and Serve***
 9 ***Written Discovery Requests Related to the [REDACTED]***. Given the
 10 unquestionable relevance of the settlement agreement between Oracle and CedarCrestone to the
 11 damages issues in this case, Rimini submits there is good cause to reopen limited discovery to
 12 allow Rimini to obtain relevant evidence of the settlement agreement.

13 Unless discovery is reopened for limited purposes, Rimini will be foreclosed from (1)
 14 accessing a benchmark agreement relevant to damages, and (2) taking discovery regarding the
 15 [REDACTED]
 16 [REDACTED] Rimini and the Court are not obligated to take Oracle's word regarding the
 17 relevance of the CedarCrestone agreement. Rimini should be afforded an opportunity to see the
 18 agreement to make its own assessment. It would also be unfair and unduly prejudicial for Oracle
 19 to [REDACTED] against Rimini without providing Rimini the ability to explore how it
 20 came about. Indeed, Rimini should be permitted to explore the circumstances underlying
 21 CedarCrestone's sudden reversal of positions with a limited number of depositions and written
 22 discovery requests. *See* Fed. R. Evid. 408(b) (settlement offers and negotiations admissible to
 23 _____)

24 ¹⁷ *See Oracle*, 2014 WL 4251570, at *10 ("Although a copyright plaintiff need not
 25 demonstrate that it would have reached a licensing agreement with the infringer or present
 26 evidence of 'benchmark' agreements in order to recover hypothetical-license damages, it may be
 27 difficult for a plaintiff to establish the amount of such damages without undue speculation in the
 28 absence of such evidence. Here, because Oracle has no history of granting similar licenses, and
 has not presented evidence of 'benchmark' licenses in the industry approximating the
 hypothetical license in question here, Oracle faced an uphill battle.").

1 show a witness's bias). Accordingly, Rimini should be allowed to conduct discovery on
2 CedarCrestone and Oracle, limited to issues relating to their post-discovery litigation and
3 settlement, to be completed within 45 days.

4
5 **Oracle's Position:**

6 As the parties prepare for trial, Rimini is requesting that the Court re-open fact discovery
7 in this case for significant further discovery on a collateral issue with no relevance to anything
8 that will be tried in this case. Whether there should be discovery into Oracle's settlement with
9 CedarCrestone in unrelated litigation – and there should not – has no effect on the scheduling of
10 trial. It is a pure discovery matter that the Court should refer to the magistrate judge. To the
11 extent the Court is inclined to hear argument on that issue, below Oracle explains why this
12 discovery is inappropriate.

13 ***Rimini is not entitled to production of the CedarCrestone settlement agreement as***
14 ***supplemental discovery.*** Fact discovery in this case closed on December 19, 2011. Oracle sued
15 CedarCrestone in 2012, and settled that lawsuit in August 2013. Rimini now claims that it is
16 entitled to the settlement agreement between Oracle and CedarCrestone. As a preliminary
17 matter, even if the settlement agreement were relevant to some issue in the case, the agreement
18 contains a confidentiality provision that prevents Oracle from producing it to anyone absent a
19 court order. Further, even if Oracle could produce the settlement agreement, the agreement is
20 not relevant to any issue in this case, nor is it responsive to any of Rimini's discovery requests
21 that Rimini pursued during fact discovery.

22 In its argument, Rimini refers to its discovery *requests* concerning settlement agreements
23 and licenses. Rimini served its Second Set of Requests for Production on May 13, 2010.
24 Request No. 21 sought "[a]ll documents relating to the purchase or transfer of any rights to the
25 copyrighted work at issue in this litigation, including without limitation any transfer agreements,
26 contracts, payments, receipts, or licensing agreements." Request No. 23 sought "[a]ll documents
27 relating to any legal or administrative proceedings concerning any of the copyrighted works at
28 issue in this litigation, including without limitation, documents, pleadings, deposition transcripts,

1 hearing transcripts, orders, settlement documents, written discovery, expert reports, declarations,
2 any supporting papers and documents offered or admitted in such proceedings.” Request No. 24
3 sought “[a]ll documents relating to any interest that any person has in any of the copyrighted
4 works or the present litigation and any communications between Oracle and any such person.”

5 Rimini omits to mention that Oracle objected to these requests and Rimini did not move
6 to compel. Oracle served its response to these requests on April 6, 2011, stating, “Oracle will
7 not produce documents in response to [Request Nos. 21, 23, and 24] as framed, but will meet and
8 confer with Defendant regarding means to clarify and narrow the Request.” In subsequent meet
9 and confer discussions Oracle did not agree to produce settlement documents or licensing
10 agreements, i.e., the type of thing Rimini is now requesting. Rimini never moved to compel.
11 Thus, the entire subject of other settlement agreements or licenses is something Oracle never
12 agreed to produce, and was never ordered to. Rimini’s attempt to reframe the issue in terms of
13 Oracle having a duty to “supplement” its document production is therefore misleading because
14 there is no category of documents to “supplement.” If the settlement agreement with
15 CedarCrestone had happened during fact discovery, Oracle would not have produced it then
16 either, consistent with the objections it served on Rimini.

17 In any event, the agreement is irrelevant. Rimini argues that the settlement agreement is
18 relevant to this case, apparently on the grounds that (1) the conduct alleged by Oracle in its
19 lawsuit against CedarCrestone was similar to the conduct alleged by Oracle in this lawsuit
20 against Rimini, and therefore (2) Rimini speculates that a settlement agreement might include a
21 license for conduct that will be at issue at trial. However, it does not. Without disclosing the
22 contents of the confidential settlement, Oracle can state definitively that the settlement
23 agreement contains no license permitting anything similar to Rimini’s old support model or its
24 purported new, “non-infringing” support model. [REDACTED]

25 [REDACTED]

26 [REDACTED]

27 [REDACTED]

28 [REDACTED] See Dykal Declaration, Ex. 10, ¶¶ 14-16. The

1 settlement agreement between Oracle and CedarCrestone is irrelevant and the Court should not
2 re-open discovery to compel production of the agreement.

3 Rimini also argues that the settlement agreement would be “at least probative of what
4 Rimini might owe for any alleged infringement.” As discussed, that is not true. But even if the
5 settlement agreement did contain a license permitting conduct similar to Rimini’s business
6 model, it is settled law that license agreements entered into “under the cloud of threatened or
7 actual litigation” are not relevant. *Honeywell Inc. v. Victor Co. of Japan, Ltd.*, 2003 U.S. Dist.
8 LEXIS 27873, at *4 (D. Minn. 2003); *see also Kowalski v. Mommy Gina Tuna Resources*, 574 F.
9 Supp.2d 1160, 1164 (D. Hawaii 2008) (“rates negotiated in the context of litigation are
10 inapplicable to the reasonable rate determination”); *Micro Chemical, Inc. v. Lextron, Inc.*, 161 F.
11 Supp.2d 1187, 1208 (D. Colo. 2001), *re’d in part, vacated in part & remanded*, 318 F.3d 1119
12 (Fed. Cir. 2003) (“Several courts have decided that royalties paid as a result of settlement
13 negotiations do not accurately reflect what a willing licensee would pay in an arms-length
14 negotiation, and, as a result, have viewed settlement agreements with caution and commonly
15 have excluded them altogether.”); *Medtronic, Inc. v. Boston Scientific Corp.*, 2002 U.S. Dist.
16 LEXIS 28355, at *87 (D. Minn. 2002) (finding “no relevance of the settlement negotiations to a
17 damages analysis” and that “minimal probative value is outweighed by the potential for needless
18 distractions”); *General Electric Co. v. Dr Systems*, 2007 U.S. Dist. LEXIS 44644, at *6 (E.D.
19 N.Y. 2007) (“settlement agreements reached to resolve litigation or threatened litigation are
20 generally not relevant to the issue of what may constitute a reasonable royalty”). These cases
21 foreclose Rimini’s argument.

22 Rimini relies on *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 872 (Fed. Cir. 2010) for
23 the statement that “the most reliable license in this record arose out of litigation.” But the court
24 made this statement after overturning the district court’s reliance on five other benchmark
25 licenses. It did not find that the litigation license was relevant or could be the basis for a damage
26 award. To the contrary, in the very next sentence, the court stated that litigation licenses could
27 not be the basis for a damage award because they are negotiated after litigation: “the hypothetical
28 reasonable royalty calculation occurs before litigation and that litigation itself can skew the

1 results.” *Id.* Moreover, the court pointed with approval to its earlier holding that settlement
 2 offers “made after the infringement had begun and litigation was threatened or probable . . .
 3 should not be considered evidence of an ‘established royalty.’” *Id.* (quotes *Hanson v. Alpine*
 4 *Valley Ski Area, Inc.*, 718 F.2d 1075, 1078–79 (Fed.Cir.1983)). This is in accordance with the
 5 cases Oracle cites above.

6 Finally, even if the settlement agreement were probative of what Rimini owes for its
 7 infringement, the agreement is not admissible or reasonably likely to lead to the discovery of
 8 admissible evidence because the Ninth Circuit has definitely held that it would be inadmissible
 9 under Fed. R. Evid. 408. *See Hudspeth v. C.I.R.*, 914 F.2d 1207, 1213 (9th Cir. 1990) (holding
 10 that Rule 408 *does* apply to situations where the party seeking to introduce evidence of a
 11 compromise was not involved in the original compromise); *Pharmastem Therapeutics, Inc. v.*
 12 *Viacell, Inc.*, 2003 U.S. Dist. LEXIS 27869, at *6-7 (D. Del. Oct. 7, 2003) (“notwithstanding
 13 their relevance to a reasonable royalty calculation . . . a license agreement may be excluded from
 14 evidence under Rule 408 where it (1) was reached under a threat of litigation”).

15 ***The Court should not re-open discovery to allow Rimini to take depositions and serve***
 16 ***written discovery requests related to the*** [REDACTED]. After the Court issued its
 17 ruling on Oracle’s first motion for summary judgment on February 13, 2014, the parties met and
 18 conferred regarding additional discovery. In those negotiations, each party requested certain
 19 information, and each party agreed to provide certain information. In response, Oracle produced
 20 a [REDACTED]
 21 [REDACTED] Rimini now requests that the Court re-
 22 open discovery to allow Rimini to take discovery to “explore” how the [REDACTED] came about
 23 via “a limited number of depositions and written discovery requests.”

24 This is a transparent attempt to take discovery into the settlement negotiations between
 25 Oracle and CedarCrestone, which based on the authorities cited above, is not permissible, and is
 26 part of a larger topic – settlement agreements concerning the licensing of Oracle’s software – on
 27 which Rimini took no discovery at all during the fact discovery part of the case. Rimini says it
 28 also seeks to “conduct discovery on . . . Oracle . . . limited to issues relating to their post-

discovery litigation and settlement.” Obviously Oracle’s litigation and settlement strategy is attorney-client privileged and attorney work product. Therefore, it is unclear what Rimini could hope to achieve by pursuing this discovery other than to harass Oracle.

There is no basis to now expand discovery more broadly than the scope it had during fact discovery. Rimini argues that it needs further discovery to “explore” “recanted prior sworn testimony” outlined in the [REDACTED]. Rimini is apparently referring to the [REDACTED] statements about CedarCrestone’s own software license. However the Court appears to have resolved the license provisions in question when it issued its Order granting in part Oracle’s Motion for Partial Summary Judgment. Dkt. 474. Specifically,

- [REDACTED]
[REDACTED]
[REDACTED] Dykal Declaration, Ex. 10, ¶¶ 10-11. The Court confirmed this interpretation for a similar license in its Order granting in part Oracle’s Motion for Partial Summary Judgment. Dkt. 474 at 8-15.
- [REDACTED]
[REDACTED]
[REDACTED] Dykal Declaration, Ex. 10, ¶ 12. Again, the Court confirmed this interpretation for a similar license in its Order on summary judgment. Dkt. 474 at 8-15.

To the extent testimony about these license provisions remains relevant, Rimini can cross-examine CedarCrestone at trial on [REDACTED] and prior testimony. Whether the issues remain live or not, there is no justification for the Court to grant Rimini’s request to reopen discovery and revisit license interpretation issues.

1 DATED: September 17, 2014

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ATTESTATION OF FILER

The signatories to this document are myself and Peter Strand and I have obtained Mr. Strand's concurrence to file this document on his behalf.

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